



KEY EQUITY OPTIONS
DEED OF TRUST

AFTER RECORDING, PLEASE
RETURN TO:

Key Loan Center
Line of Credit Dept.
Post Office Box 16548
Boise, ID 83715

SEA 20495

126871

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THIS DEED OF TRUST is made this 5 day of DECEMBER, 1996 between JAMES T. WATERS, A MARRIED MAN AS HIS SEPARATE ESTATE, as Grantor, whose address is P.O. BOX 905, CARSON, WA 98610-0905; and SKAMANIA COUNTY TITLE COMPANY, as Trustee, whose address is P.O. BOX 277, STEVENSON, WASHINGTON 98648; and Key Bank of Washington, A WASHINGTON BANKING CORPORATION, as Beneficiary, whose address is Post Office Box 11500, Tacoma, Washington 98411-5500.

Grantor hereby irrevocably grants, bargains, sells and conveys to Trustee in trust, with power of sale, the following described property in SKAMANIA County, Washington:

LOT 45 COLUMBIA HEIGHTS, ACCORDING TO THE RECORDED PLAT THEREOF RECORDED IN BOOK "A" OF PLATS, PAGE 136, IN THE COUNTY OF SKAMANIA STATE OF WASHINGTON.

TOGETHER with all the tenements, hereditaments, and appurtenances, now or hereafter thereunto belonging or in anywise appertaining, and the rents, issues, and profits thereof; and all fixtures and property that may be now located upon said real property or may hereafter be installed in or attached to or used in or adapted for use in the operation of the property and improvements, including but without being limited to, all trees, shrubs, rockeries, retaining walls, walks, driveways, buildings, structures, and all elevators and elevator machinery, wall beds, and other beds affixed to or used in connection with the building, shades, screens, boilers, water heaters, furnaces, oil burners, stokers, thermostats, controls and ventilation, plumbing, lighting, heating, cooking, watering, irrigating and refrigerating equipment and appliances now or hereafter installed or placed in, located upon or used in connection with said premises by the Grantor or any successor to Grantor's interest in said premises, and including party walls, water and water rights and easements, if any, on any side of said premises, and the agreements and rights of the Grantor in respect of such party walls, easements, rights and agreements, all of which shall be deemed a part of the real estate whether affixed or annexed or not, shall for the purposes of the Deed of Trust be deemed conclusively to be real estate and conveyed hereby. Grantor agrees to execute and deliver, from time to time, such further instruments as may be requested by Beneficiary to confirm the lien of this Deed of Trust on any property.

THIS DEED IS FOR THE PURPOSE OF SECURING PERFORMANCE of each agreement of Grantor incorporated by reference or contained herein, and the payment of all sums advanced by or otherwise owing to Beneficiary from time to time under that certain personal credit line agreement between Grantor and Beneficiary (the "Agreement") of even date herewith, the terms and conditions of which are hereby incorporated herein, under the terms of which Agreement the Beneficiary may loan the Grantor the sum of up to TWENTY NINE THOUSAND & 00/100 Dollars (\$29,900.00); provided, however, that all sums advanced by or otherwise owing to Beneficiary under the Line of Credit Agreement, even if in excess of such amount, are secured hereby.

The Grantor covenants as follows:

1. The above described property is not used principally for agricultural or farming purposes.
2. Each grantor has good right, power and authority to convey and encumber the same and will forever warrant and defend the lien and priority of this Deed of Trust against the lawful claims of all persons; that each grantor will pay all sums secured hereby when for any cause the same shall become due; that grantor will not suffer or permit the above described property to be maintained or used in violation of any laws, municipal ordinances or regulations; that the above described property will not

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become subject to any lien or encumbrance which threatens the validity or priority of this instrument; that during the continuance of this Deed of Trust, Grantor will neither cause nor suffer waste of any part of the above described property.

3. Grantor will keep the improvements upon such property constantly insured for the benefit of the Beneficiary against fire and all other hazards and risks as described in the Agreement, in such manner and amount and in such companies and under policies in form acceptable to Beneficiary.
4. Grantor will pay all taxes, liens and assessments now or hereafter levied upon or charged by any governmental body against the above described property or on account thereof and against this instrument and the debt hereby secured and the interest thereon and exhibit to the Beneficiary official receipts showing payment thereof ten days before the delinquency of such taxes, liens and assessments; Beneficiary shall be the sole judge of the legality and validity of any tax, lien or charge and official receipts therefor shall be conclusive evidence of the payment, amount and validity thereof unless Grantor in good faith is diligently contesting the same and shall indemnify the Beneficiary thereof to its satisfaction.
5. There exists a prior mortgage(s)-deed(s) of trust on the property above described as follows:

BENEFICIARY:
RECORDED:
RECORDING NO.:

KEY BANK OF WASHINGTON
JUNE 22, 1993
116532

The Grantor further covenants that all payments due on the prior mortgage(s)-deed(s) of trust pursuant to the terms thereof are current, and the Grantor covenants and agrees to make all payments required on said prior mortgage(s)-deed(s) of trust pursuant to the terms thereof. The Grantor grants Beneficiary the right to inform all prior beneficiaries of the existence of this instrument and the right to request prior beneficiaries for notification in the event of default on said mortgage(s)-deed(s) of trust.

6. In any suit to foreclose this Deed of Trust or in any nonjudicial foreclosure pursuant to RCW Chapter 61.24, or in any suit or proceeding in which the Beneficiary is obligated to defend or protect the lien hereof, or in which Beneficiary is a party and the above described real property or any part thereof is the subject matter thereof, including suits to quiet title or for condemnation or partition of the whole or part of said property, or any interest therein, Grantor agrees to pay Beneficiary all costs and a reasonable attorney's fee, including all such costs and reasonable attorney's fees incurred in any appeal taken therefrom to any appellate court, and further agrees to pay such reasonable costs of searching records and abstracting the same as may necessarily be incurred in foreclosing this instrument or defending the same, or participating in any suit or proceeding above referred to, which sum shall be secured hereby and included in any decree of foreclosure. In the absence of any such suit or proceeding and in case of default, Grantor agrees to pay such necessary expenses, including reasonable attorney's fees, incurred by Beneficiary in making collection of delinquent payments or curing any other default. Acceleration of maturity once claimed hereunder by Beneficiary may, at the Beneficiary's option, be set aside.
7. Upon the occurrence of an event of default hereunder, all sums secured hereby shall immediately become due and payable at the option of the Beneficiary. No waiver by Beneficiary of any default on the part of Grantor shall be construed as a waiver of any subsequent default hereunder. In event of such default and upon written request of Beneficiary, Trustee shall sell the trust property, in accordance with the Deed of Trust Act of the State of Washington, (RCW Chapter 61.24 as existing now, or hereafter amended), at public auction to the highest bidder. Any person except Trustee may bid at Trustee's sale. Trustee shall apply the proceeds of the sale as follows: (1) to the expense of sale, including a reasonable Trustee's fee and attorney's fee; (2) to the obligation secured by this Deed of Trust; (3) the surplus, if any, shall be distributed to the persons entitled thereto. Trustee shall deliver to the purchaser at the sale its deed, without warranty, which shall convey to the purchaser the interest in the property which Grantor had or had the power to convey at the time of his execution of this Deed of Trust, and such as he may have acquired thereafter. Trustee's deed shall recite the facts showing that the sale was conducted in compliance with all the requirements of law and of this Deed of Trust, which recital shall be prima facie evidence of such compliance and conclusive evidence thereof in favor of bona fide purchasers and encumbrances for value. The power of sale conferred by the deed of trust and by the Deed of Trust Act of the State of Washington is not an exclusive remedy and when not exercised, Beneficiary may foreclose this Deed of Trust as a mortgage. In the event of death, incapacity or disability or resignation of Trustee, Beneficiary may appoint in writing a successor trustee, and upon the recording of such appointment in the mortgage records of the county in which this Deed of Trust is recorded, the successor trustee shall be vested with all powers of the original trustee. The trustee is not obligated to notify any party hereto of pending sale under any other deed of trust or of any action or proceeding in which Grantor, Trustee or Beneficiary shall be a party unless such action or proceeding is brought by the Trustee.
8. This Deed of Trust applies to, inures to the benefit of, and is binding not only on the parties hereto, but on their heirs, devisees, legatees, administrators, executors, successors and assigns. All obligations of Grantor hereunder are joint and several. The term "Beneficiary" shall mean the holder and owner, including pledgees, of the indebtedness secured hereby, whether or not named as Beneficiary herein. Without affecting the liability of any other person for the payment of any obligation herein mentioned (including Grantor should he convey said real property) and without affecting the lien hereof upon any property mentioned and without affecting the lien hereof upon any property not released, Beneficiary may, without notice, release or reconvey or cause to be released or reconveyed at any time all or any part of the realty described herein, take or release any other security or make

compositions or other arrangements with debtors. Beneficiary may also accept additional security, either concurrently herewith or thereafter, and sell same or otherwise realize thereon either before, concurrently with or after sale hereunder. This Deed of Trust shall be so construed that wherever applicable, the use of the singular number shall include the plural number, the use of the plural number shall include the singular number, the use of any gender shall be applicable to all genders and shall like wise be so construed as applicable to and including a corporation. If any of the provisions hereof shall be determined to contravene or be invalid under the laws of the State of Washington such contravention or invalidity shall not invalidate any other provisions of this agreement, but it shall be construed as if not containing the particular provision or provisions held to be invalid, and all rights and obligations of the parties shall be construed and enforced accordingly. Any notices to be given to Grantor by Beneficiary hereunder shall be sufficient if mailed postage prepaid, to the above described address of the Grantor, or to such other address as Grantor has requested in writing to the Beneficiary, that such notices be sent. Any mailed notice shall be considered to have been delivered when actually received or on the third business day after it is mailed, whichever is earlier.

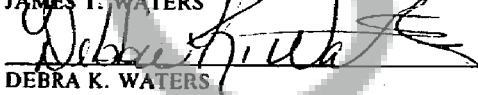
It is further agreed between the parties as follows:

1. If Grantor defaults in any of the covenants or agreements contained herein, or in said Agreement, then the Beneficiary may perform the same and all expenditures made by the Beneficiary in so doing shall at the option of the Beneficiary, be added to the principal balance and draw interest at the rate set forth in the Agreement secured hereby; and in any event shall be repayable by the Grantor to the Beneficiary on demand, and, together with any interest and costs accruing thereon, shall be secured by this instrument. If the Beneficiary makes payment on the prior lien(s) pursuant to this covenant the Beneficiary may, at its option, be subrogated to the rights of any senior lien to the extent of payments so made, and the subrogation rights so acquired by the Beneficiary shall be fully recognized and not contested by the Grantor; and, at the option of the Beneficiary, the payments so made may be tacked to the balance due under the Agreement for which this instrument is security.
2. In the event of the sale of the above described premises or any part thereof, without first obtaining the written consent of the Beneficiary, the balance of unpaid principal with accrued interest, and all other indebtedness hereby secured, shall, at the Beneficiary's election, become immediately due without further notice unless otherwise prohibited by law.
3. At the option of the Beneficiary, the proceeds of a loss under any policy, whether endorsed payable to the Beneficiary or not, may be applied in payment of the principal, interest or any other sums secured by this instrument, whether due or not, or to the restoration or replacement of any building on such premises, without in any way affecting the lien of this instrument or the obligation of the Grantors or any other person for payment of the indebtedness hereby secured, whether such Grantors be the then owners of said premises or not.
4. All covenants hereof shall run with the land and shall not be extinguished by any foreclosure. Upon payment of the debt in full, the complete performance hereof by Grantor and the termination of the Agreement as provided therein, Beneficiary shall execute and deliver to Grantor or the payor a proper satisfaction of this instrument for recording at the latter's expense.
5. It is understood and agreed that time is of the essence to all covenants and agreements contained in this instrument.
6. In the event any portion of the property is taken or damaged in an eminent domain proceeding, the entire amount of the award or such portion as may be necessary to fully satisfy the obligations, shall be paid to Beneficiary to be applied to the obligations, plus Beneficiary's legal expenses incurred in connection with any such eminent domain proceeding.
7. An event of default on the part of Grantor within the meaning of this instrument shall be deemed to exist in the event of any default that justifies the Beneficiary in terminating the Agreement. If an event of default shall exist as herein defined, it shall be optional with the Beneficiary to accelerate the maturity of said Agreement and to declare the entire indebtedness immediately due and payable without notice and to foreclose this instrument and without waiving any other remedy or right.

Witness the hands and seals of the Grantors on the day and year first above written.


JAMES T. WATERS

(Seal)


DEBRA K. WATERS

(Seal)

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STATE OF WASHINGTON

County of

Klickitat

I, the undersigned, Nadine Carr hereby certify that on this 5 day of DECEMBER, 1996 personally appeared before me JAMES T. WATERS and DEBRA K. WATERS, to me known to be the individuals described in and who executed the within instrument, and acknowledged that they signed and sealed the same as their free and voluntary act and deed, for the uses and purposes therein mentioned.

Given under my hand and official seal the day and year last above written.

Nadine Carr
Notary Public in and for the State of Washington, residing at
Klickitat in said county.
My commission expires 3-25-00

REQUEST FOR FULL RECONVEYANCE

Do not record. To be used only when indebtedness has been paid.

TO: TRUSTEE,

The undersigned is the legal owner and holder of all indebtedness secured by the within Deed of Trust. Said indebtedness secured by said Deed of Trust has been fully paid and satisfied; and you are hereby requested and directed, on payment to you of any sums owing to you under the terms of said Deed of Trust, to cancel the said Deed of Trust, and to reconvey, without warranty, to the parties designated by the terms of said Deed of Trust, all of the estate now held by you thereunder.

Dated _____, 19____.

Mail reconveyance to _____

FILED FOR RECORD
SKAMANIA CO. WASH
BY SKAMANIA CO. TITLE

DEC 9 12 47 PM '96

P. Lowry
AUDITOR
GARY M. OLSON